Annual Report 1985 86

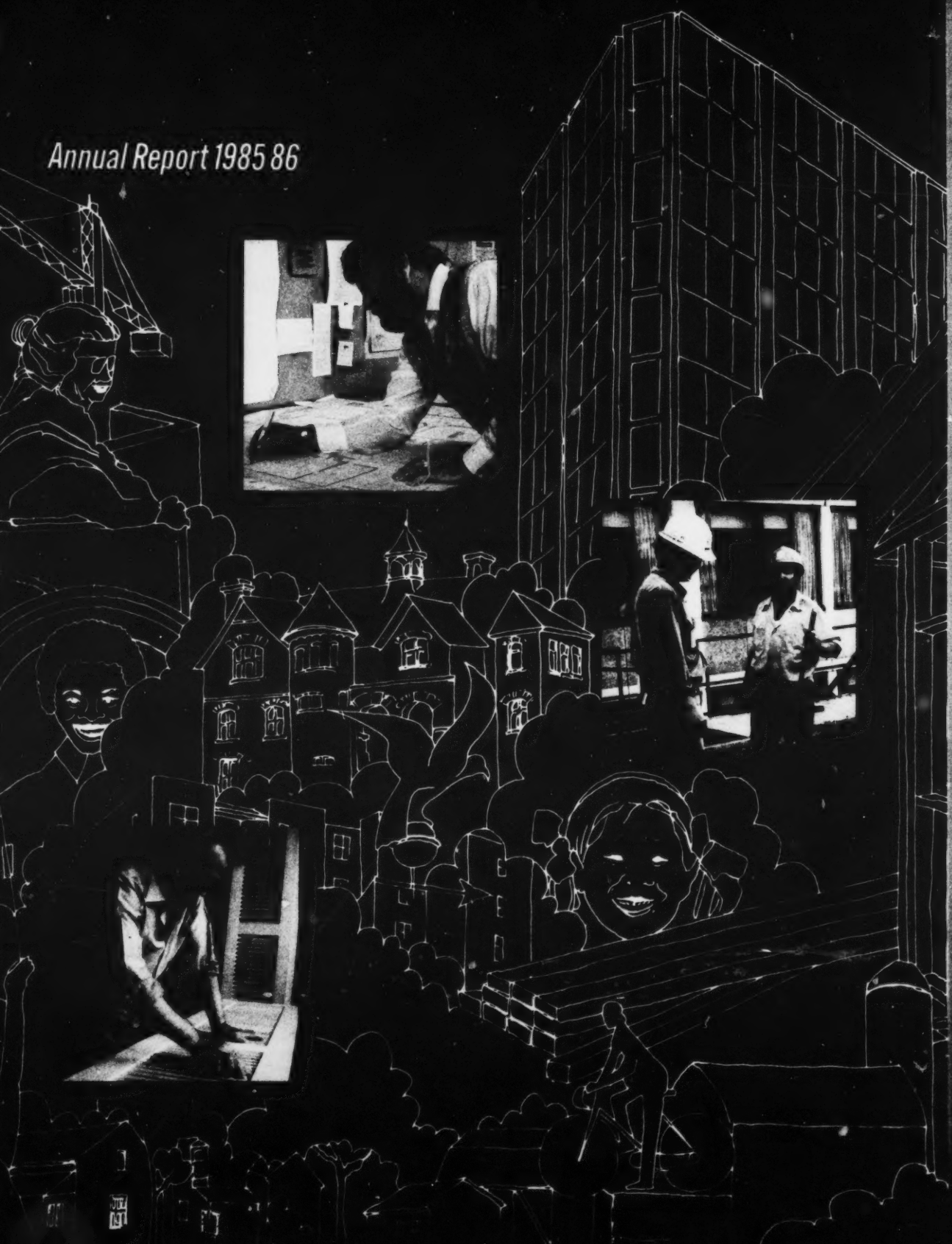


Table of Contents

Corporate Resources Management and Building Industry Development	4
Affirmative Action Program	10
French-Language Services	12
Community Housing	13
Ontario Housing Corporation	17
Ontario Land Corporation	28

Additional copies of this and other Government publications are available from:
The Ontario Government Bookstore, 880 Bay St., Toronto for personal shopping. Out-of-town customers write to Publications Services Section, 5th Floor, 880 Bay St., Toronto M7A 1N8. Telephone (416) 965-6015. Toll-free long distance 1-800-268-7540. In area code 807 dial 0-Zenith 67200. Mastercard and Visa accepted. Cheques and money orders payable to the Treasurer of Ontario.

Price: $2.50

Ontario

Office of the Minister

Bureau du Ministre

Ministry of Housing

Ministère du Logement

777 Bay Street
Toronto, Ontario
M5G 2E5
416/585-7111

THE HONOURABLE
LINCOLN M. ALEXANDER, Q.C., K.ST.J., B.A., L.L.D.
Lieutenant Governor of the Province of Ontario

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the Legislative Assembly, we have the privilege of presenting the Annual Reports of the Ministry of Housing and Ontario Land Corporation for the fiscal year ending March 31, 1986 and the Annual Report of Ontario Housing Corporation for the calendar year 1985.

Respectfully submitted,

Alvin Curling
Minister

Ontario

Office of the Deputy Minister

Bureau du Sous-ministre

Ministry of Housing

Ministère du Logement

777 Bay Street
Toronto, Ontario
M5G 2E5

THE HONOURABLE
ALVIN CURLING
MINISTER OF HOUSING

SIR:

I have the honour to submit for your approval the 1985/86 Annual Report of the Ministry of Housing.

Respectfully submitted,

Ward Cornell
Deputy Minister

Corporate Resources Management

Corporate Resources Management provides central administrative, financial and human resources services to the ministry:

Corporate Resources Management includes:
- corporate planning and evaluation
- financial services
- human resources
- management services
- operations review and audit
- legal services
- Office of the Corporate Secretary

Corporate Planning and Evaluation

- manages the resource allocation and estimates process;
- plans, co-ordinates and processes cabinet and cabinet committee submissions and ensures effective ongoing communications with central agencies;
- develops and implements integrated management processes;
- conducts surveys, collects and disseminates statistical information;
- co-ordinates the ministry's strategic planning and managing-by-results processes;
- provides corporate policy advice, ensuring effective co-ordination and development of policy responses to pertinent issues;
- co-ordinates briefing of the Minister, Deputy and senior staff concerning all matters to be considered by cabinet and cabinet committees.

Resource allocation and cabinet liaison
This section co-ordinates the ministry's financial resource allocation and estimates processes, and ensures effective liaison and communication with cabinet and cabinet committees. This involves working with senior management to develop resource allocation strategies based on ministry policy and program priorities, co-ordinating the annual estimates process, and responding to in-year decisions requiring adjustment of budget allocations.

This section also co-ordinates the planning, scheduling and process of ministry submissions to cabinet and cabinet committees. It provides advice and assistance to senior management regarding submission content, distributes policy submissions initiated by other ministries for review and comment, and communicates cabinet decisions and directives to affected program managers.

Management planning and statistical analysis
This section develops and co-ordinates the ministry's comprehensive management planning and evaluation process so that financial and human resources can be allocated and utilized in the most efficient and effective manner. Specifically, it leads the preparation of the ministry's strategic plan, advises and assists program managers in the design and development of management control processes and performance indicators, and prepares results information related to the ministry's annual estimates submission.

The section also provides statistical and survey expertise and assembles information on program and other relevant statistics for senior management. During the past year, in addition to a number of program related surveys, surveys were conducted for the Ontario Government United Way campaign to analyze the potential for new contributions, and for the Intergovernmental Committee on Urban and Regional Research (ICURR) to evaluate existing services and estimate the potential for new products.

Other activities included special projects such as co-ordination of the Metro Toronto Housing Authority (MTHA) re-organization, co-ordination of the Minister's consultation meetings on Rent Review, and acting as the contact point between the ministry and the management standards project at Management Board.

Corporate Policy
This group deals with policy issues that have an impact on more than one area of the ministry or which are outside the area of responsibility of individual program areas.

A major responsibility is to provide advisory support service on corporate policy issues for the Minister, Deputy and senior management. Whenever appropriate, more detailed research on specific corporate policy issues is undertaken and may be developed into cabinet submissions.

The section also provides a support role to line policy staff in the ministry through research and

In the 1985 ministry United Way campaign, held jointly with the Ministry of Municipal Affairs, two awards for mid-size ministries were given to staff: one for the highest payroll rate, and the other for the highest average donation.

recommendations on the corporate aspects of specific program issues.

A key input is provided by the section into the ministry's strategic planning process through:

1) identification and co-ordinated development of a corporate position on policy issues impacting on the ministry and;
2) the development and presentation of socio-economic and demographic research and forecasting. Two examples of this input are the preparation of long-term housing requirements and the provision of short-term forecasts of housing production and related variables on a quarterly basis.

Financial Services

- provides a full range of financial services to the Ministry of Housing including its two crown corporations and 58 local housing authorities;
- co-ordinates and controls the financial management function;
- ensures that adequate systems and policies for cash management, budgeting, accounting and financial reporting are in place;
- in a controllership role:
  - provides financial policy direction to the ministry and its agencies;
  - establishes procedures for management of crown agency and ministry cash flows and banking arrangements;
  - provides specific advice to program managers.

The financial services branch is divided into two major sections to provide overall financial management to the ministry, the two crown agencies and 58 housing authorities.

Financial Planning

This section carries out a continuous review of ministry and crown agency financial resources requirements, provides advice to the responsible assistant deputy ministers and reports regularly to the Deputy Minister. The purpose of this activity is to ensure that all funds allocated to the ministry are effectively utilized and that alternatives are identified with respect to in-year spending pressures. Financial analysis, as well as planning and monitoring support, are provided on an ongoing basis to program managers. To help managers achieve program objectives, this section continued to use existing reporting, budgeting and expenditure forecasting systems to identify financial pressures and opportunities early in each fiscal year.

The changing information requirements of the ministry led to a review of existing automated information systems. A strategy to develop and implement a comprehensive decentralized, integrated Financial Management System (FMS) resulted from this review. The new system will serve as a provincial government pilot, and will be available for implementation in other ministries. The FMS will address the non-operational aspects of program operations, provide relevant and timely information, and provide the tools necessary for planning and control; most importantly, it will allow end-users to interact directly with the system for the purposes of extracting data and performing "what if" calculations.

Financial Operations and Control

This section provides financial services to all ministry units and fulfils a financial management and control role as support to the Ontario Housing Corporation. An overall financial reporting system is operated and maintained. The section is also responsible for all statutory reporting requirements for the ministry relating to the financial informations system of the province and the financial statements of the Ontario Housing Corporation.

Planning, budgeting and payment processing procedures along with financial reporting were extended during the year to include new programs under the Assured Housing program and the expanded Rent Review program. Financial reporting and billing requirements/procedures for cost sharing of assured housing programs were also arranged with Canada Mortgage and Housing Corporation.

Human resources development continued as a high priority during the year through numerous job rotations, secondments and special staff training courses with strong emphasis on micro computer technology.

General: The branch director is appointed treasurer of both major crown agencies of the ministry. In this capacity, financial advice, policy guidance and participation in strategic planning activities are provided to the chief executives and/or to members of the Ontario Housing Corporation and Ontario Land Corporation boards.

Human Resources

Personnel Services

This section provides day-to-day personnel services to management and staff of the ministry and its Crown agencies, including recruitment, job evaluation and classification, staff relations and counselling.

The section also assisted management of the Ontario Housing Corporation in the personnel aspects of increased program delivery responsibilities by analysing and evaluating new jobs and recruiting staff.

Staff Relations

Negotiations were concluded for a new two year collective agreement for provincial housing authorities which will expire Dec. 31, 1987. Negotiations are currently in process for approximately 650 maintenance employees of the Metropolitan Toronto Housing Authority.

Over the past year, there has been a levelling off with respect to grievance activities throughout the 58 local housing authorities and as a result, there were fewer cases scheduled before the Grievance Arbitration Board.

Payroll and Records

This section produces and distributes bi-weekly paycheques for staff of the ministry.

In addition to documenting new employees, maintaining pay, benefits and attendance data on all employees, and issuing and controlling identification and building and parking access cards, this section also produces a variety of management reports.

The section continues to administer the payroll system used by the 58 local housing authorities and provides staff with payroll instructions, training and seminars.

Manpower Planning and Staff Development

This section is involved in a number of new projects as well as continuing with management development programs. Staff provide consulting services and develop specific training programs for ministry branches, regional housing programs offices and local housing authorities.

The section has continued to present, with the personnel services and staff relations sections, the Human Resources Management Skills program. This program reinforces the management skills of selection and interviewing, managing employees with work performance problems, handling grievances, designing, analysing and defining jobs, applying the classification process and understanding and managing working conditions in the Ontario Public Service.

The Career Development Options program, a pilot project providing career development opportunities for staff through career counselling and internal/external mobility, has generated a savings of $280,000 to the ministry to date.

The Human Resource Planning and Management committee chaired by the Deputy Minister has identified several initiatives which are being developed into a corporate human resource strategy. This committee will make recommendations on new directions for the development and assessment of ministry managers. It is also committed to the identification and achievement of staff training and development needs through the Goal Setting and Review Process.

The Goal Setting and Review committee, with a representative from each wing, is continuing to review and improve the effectiveness of the performance management process.

This section will manage the CHRIS (Corporate Human Resource Information System) project in which the ministry is participating as a pilot. This is a new personnel information system which will eventually serve all Ontario government employees. The ministry's own computerized human resource information system will be maintained alongside the pilot system and will continue to provide input for training and development programs.

Management Services

- provides administrative services to the ministry and its crown corporations in computer and information systems support.
- procures goods and services
- provides accommodation and office services and maintains the ministry's central library.

The procurement of goods and services and the timely payment of vendors' invoices were maintained, as was the acquisition of office accommodation and related services for the housing authorities. The library continued to provide reference services to the public and staff.

Office automation studies continue to be conducted in local housing authorities and have resulted in the introduction of more office technology as a means of improving customer service and increasing productivity. The word processing centre continued to support a growing number of program delivery areas.

Information Technology

A long term information systems strategy was developed and will be referenced to aid in the development of an information technology management plan for the ministry. Data relating to specific business functions of the ministry were identified and senior management determined priorities for developing the data bases to support these business functions.

A major application, the Property Management System (PMS), is currently being planned for the Metro Toronto Housing Authority. It is planned to implement the functionality associated with this system in other housing authorities in the province.

As part of an increasing emphasis on the need to transfer technology, attention is being focused on such items as office automation, end-user computing products and local area networks. A research project has been set up to evaluate office automation products and the impact of this

technology on human resource issues and organizational structure.

A new partnership agreement has been entered into between the ministry and Canada Systems Group to provide computer services to the ministry for a five-year term, 1986 through 1990. The contract provides for access to and use of C.S.G. mainframe computers located in Mississauga and an in-house computer, "facilities managed", at head office.

Operations Review and Audit Branch

The objective of the branch is to identify opportunities for improving financial and management control systems and provide assurances on the adequacy of controls for the Deputy Minister and ministry managers in order to minimize operating risk and maximize operational efficiency and effectiveness.

The operations review and audit branch

- provides independent, systematic appraisal of all operations and systems of the ministry and its agencies, involving activity throughout the province;
- evaluates the adequacy of financial controls and compliance with corporate policies, legislation and regulations (corporate and agency audit functions);
- evaluates the economy, efficiency and effectiveness of management controls and the operational effectiveness of program delivery (operations review functions).

Legal Services

The objective of the legal branch is to provide legal services to the Minister, Deputy Minister and staff of the ministry and to the crown corporations, boards and commissions for which the Minister is responsible in relation to their programs and policy formulations.

This entails legal advice to the Minister and senior managers related to the Ministry of Municipal Affairs and Housing Act, and all other acts for which the Minister is responsible, The Building Code, The Plumbing Code and other legislation and regulations as required.

All of these statutes and regulations enable and regulate the program operations and responsibilities of the ministry in relation to community housing, buildings, real estate and rent control.

The functions of the legal branch in relation to the program activities of the ministry relate to or deal with provincial-municipal development agreements, land acquisition and development, housing production, rent-geared-to-income housing, mortgage financing and administration, property management, landlord and tenant relations, rent supplement assistance, rent control, sale of lots to builders and developers, new town planning, OMB hearings, legislation, regulations, orders-in-council, major legal issues and litigation, liaison with the Ministry of the Attorney General and external agencies. The functions also include acting as counsel to Ontario Housing Corporation, Ontario Land Corporation, Ontario Mortgage Corporation, The Building Industry Strategy Board, The Building Code Commission and The Building Materials Evaluation Commission.

Office of the Corporate Secretary

- provides staff and administrative support to ministry committees, advisory committees and the boards of directors of Ontario Housing Corporation and Ontario Land Corporation;
- is involved in the public tendering process.

This office is responsible for arrangements for the functions associated with board/committee meetings, including agenda preparation and recording of minutes. It is also responsible for the safekeeping of negotiable securities and other related documents and their return upon authorization.

This office also retains custody of the corporate seals.

Residential Tenancy Commission

The Ministry of Housing became responsible for the Residential Tenancy Commission on May 22, 1985. Previously, the Commission was part of the Ministry of Consumer and Commercial Relations.

The Commission administers the Residential Tenancies Act which regulates rent increases in residential rental housing, and also provides information on rent review and landlord/tenant matters through a network of field offices.

The 1985-86 annual report of the Residential Tenancy Commission is produced as a separate document.

Building Industry Development

Following extensive consultation with all building construction sectors, a new initiative was unveiled by the Minister of Housing in 1985/86 to address the major needs of one of Ontario's largest industries. In 1985, building construction value in Ontario reached almost $13 billion, generating 380,000 jobs within some 80,000 firms.

The Building Industry Strategy is a three year program with a budget of $14.6 million aimed at ensuring a healthy building industry in Ontario by fostering job creation and retention and facilitating performance improvements, particularly in domestic markets. It is a fully integrated, industry-driven plan geared to address specific issues.

Its goals are to:

- streamline regulations to reduce unnecessary delays;
- expand production for both export and domestic markets;
- improve productivity;
- increase co-operation and awareness within the industry;
- facilitate the development of a building centre to provide a special focus for the industry.

Fourteen programs have been developed to:

- accelerate the on-going task of revamping, clarifying and simplifying all regulations and legislation affecting building activities;
- seek key changes to legislation and adminstrative practices that will ensure a swift, efficient building approval process;
- identify import replacement and export market opportunities;
- establish export associations and consortia within the industry to assist specific industry sectors;
- develop an information system that will generate, store and disseminate all pertinent information on construction products in the province;
- improve management and labor skills in all industry sectors, at all levels, through funding, co-ordination and promotion of new and existing training programs;
- promote year-round construction activity, both public and private, by collecting and disseminating province-wide building starts;
- form a construction buyers' association with government and industry representatives for cohesive representation;
- compile sectoral and regional building industry profiles for effective information sharing on trends, plans and government support programs;
- promote industry awareness and self image;
- publicize industry success stories to stimulate industry activities;
- encourage industry input into government programs to ensure needs are addressed;
- establish a central information clearing house to provide a single source for all government programs and resources;
- explore the viability of a centre that would house, under one roof, all current and new services of interest to the building community. The centre might include key provincial and federal departments, training facilities, research and development facilities, a centralized building information system and product displays.

Overall leadership for the strategy is provided by a unique advisory board with representation from industry, labor and government. The Building Industry Strategy Board provides guidance to the Minister of Housing on the implementation of the programs and fosters industry-wide communication on issues, needs and opportunities.

Building Industry Secretariat

Within the Ministry of Housing, a Building Industry Secretariat was established in 1985/86 in conjunction with the announcement of the strategy. The Secretariat is responsible for:

- staff support to the Building Industry Strategy Board, its executive committee and program committees;
- day-to-day planning, development and delivery of the 14 programs within the strategy;
- establishing and maintaining effective lines of communication between the provincial government and all building construction sectors;
- monitoring of building-related issues and trends, and the communication of this information;
- financial administration of the program budgets.

Although the strategy was announced in December, 1985, the Building Industry Secretariat has been able to make some initial progress in the following areas:

- the co-ordination of industry input on construction liability to the Slater Task Force;
- a co-operative agreement with the Canadian Construction Research Board of the National Research Council to jointly co-ordinate resources in the establishment of a construction information system;
- in conjunction with industry associations, the announcement of a major forum on building industry trends, issues and challenges, November 2-6, 1986 in Toronto;
- the evaluation of a proposal from the Construction Management Institute to establish a site superintendent program;
- the completion of an extensive data base on building industry trends, expenditures, imports, exports, consumers, firms and economic impacts;
- the development of an information program including the production of the business plan for the board, establishing a comprehensive mailing list of 150 industry associations, and key informants, staff participation in conferences and workshops including Expo '86;
- the development of a skilled labor needs assessment through contact with major builders' associations.

Ontario Buildings Branch

During 1985/86 branch activities continued to reflect the new and expanded mandate in support of the Building Industry Strategy which is to ensure that buildings constructed in Ontario are safe and to create a supportive and encouraging environment for the building industry to help it become more productive and efficient.

Technical Standards

This section is responsible for the regulatory functions of the branch. It develops and maintains the Ontario Building Code and plumbing regulations. It also provides advice and guidance to the building industry and building officials on building legislation and building practices.

1985/86 –

- amended the Ontario Plumbing Code;
- held 16 seminars throughout Ontario for architects, engineers, building officials and builders on building regulations;
- created industry study groups and committees on various issues for the purpose of code amendments, e.g., standards for the physically handicapped, timed exit analysis, solid fuel burning appliances, air supported structures and temporary buildings;
- provided ongoing advice and assistance to builders, municipal building officials and the public on code-related matters.

Policy and Research

This section is responsible for regulatory reform. This includes the consolidation and streamlining of building statutes and regulations, rationalization of Building Code requirements, and the development of an efficient regulatory system for the building industry in Ontario. Advice and guidance from the industry is provided by a Steering Committee on Regulatory Reform.

1985/86 –

- implemented an innovative code amendment process including the establishment of three advisory committees and a public hearings process;
- prepared preliminary code assessment model to be used for the technical, social and economic evaluation of building codes;
- carried out an extensive survey of the building industry to identify regulatory obstacles experienced by industry participants in Ontario;
- established the Interministry Committee on the Regulation of Buildings to supplement the mainly private sector guidance provided by the Steering Committee on Regulatory Reform;
- initiated legislative reform in several provincial ministries.

Municipal Building Administration and Education

This section facilitates and encourages municipalities to improve the quality and effectiveness of building departments. It provides training for municipal officials and builders on the regulatory responsibilities and requirements.

1985/86 –

- provided grants to municipalities through the Building Action for administrative innovation in building departments;
- provided advisory services to municipal councils and building department staff through seminars, workshops and hands-on assistance throughout the province on building administration;
- delivered a comprehensive education training program for municipal building officials. During 1985/86, 19 courses were delivered across the province to 450 building officials.

Members of Ontario Buildings Branch attended the annual convention of the Association of Municipalities of Ontario held Aug. 26-28, 1985 in Ottawa. They were there to promote the Building Action program.

The Building Code Commission

The commission conducts hearings and makes decisions on disputes between a building permit applicant or holder and a building official as to the intent of the technical requirements of the code and/or the sufficiency of compliance with those requirements.

To provide more access to its hearings, and to speed up the building process, the commission has arranged hearings within the local municipality, in some cases on the actual site of construction.

In 1985/86 the commission held 18 hearings.

The Building Materials Evaluation Commission

The commission conducts research into, and may authorize the use of, any innovative materials, techniques or building designs for construction which are not currently covered by the Ontario Building Code. The commission has received both national and international recognition with applications for rulings doubling over the previous year. Applications have been received from companies in such countries as Holland, Norway, Africa, England, U.S.A and New Zealand.

In 1985/86 the BMEC held nine meetings and authorized the use of 12 materials or techniques.

Affirmative Action Program

The Affirmative Action program provides a full range of consultative and administrative services to the Ministry of Housing, the regional offices and the 58 housing authorities, with the objective of providing equal opportunity for employment. Specifically, the objectives of the program are to integrate all modules and categories to a minimum of 30% female representation by the year 2000, and to raise the level and diversify the occupational distribution of women.

The division of the Ministry of Municipal Affairs and Housing into two separate ministries in 1985 brought many challenges to the program. Monitoring and reporting of occupational distribution, training, development, recruitment and promotion of women were carried out separately for each ministry. In addition, the Residential Tenancy Commission joined the Ministry of Housing as the Rent Review program adding 122 females to the program's client group.

The occupational distribution of women in the Ministry of Housing has a different profile than in the dual Ministry of Municipal Affairs and Housing. Classes such as program analysis, personnel administration, engineering and surveying, and the maintenance services category are now present only in Housing.

The percentage of female employees in the Ministry of Housing at year-end 1985/86 was 59.8% (or 511 females of a total of 855 employees) compared to 54.6% at the end of 1984/85 in the dual ministry. Senior women represent 14.3% (or three employees of a total of 21) of the Executive Compensation Plan complement. The wage gap (female earnings expressed as a percentage of male earnings) was 67.1% at year-end. This represents a slight decrease compared to 67.7% last year for the combined ministry and partially reflects the unequal distribution of females earning higher salaries when the ministry split.

Hiring and promotion targets were met or exceeded in four of the five areas identified in the Ministry of Municipal Affairs and Housing. In areas where targets were not met there was either no

Affirmative Action Program staff provided a full range of consultative and administrative services to the ministry, the regional offices and the 58 housing authorities with the objective of providing equal opportunity for employment.

competition or there were no qualified female candidates.

During 1985/86 the program continued to place special emphasis on assisting women in moving into senior management and technology-related occupations as these are the most seriously underrepresented by women. The strategies used to promote equal opportunity and assist women in career development include individual career counselling, skill development workshops, outreach to inform suitable candidates of job opportunities, and the provision of educational resource materials through a resource centre located in the program office.

The benefits of career planning are stressed during counselling sessions and in publications written and produced by the program. Last year 43 women from the Ministry of Housing benefited from counselling sessions. Two new career management publications were published with over 200 distributed to employees:

- Job Search Guide
- Resume Writing and Interview Guidelines

The program assisted in developing the skill base of women through specifically designed workshops. A three-day General Management Skills workshop provided women at the entry-level management and support staff levels with the skills to aid them in the transition from staff level to management level. Newly appointed managers, supervisors, and professionals were encouraged to acquire skills and knowledge in team building, leadership, and effective communication. A "Getting Ahead" workshop presented strategies for advancement designed to aid women in the administrative and professional areas and entry-level management. Women from the ministry and the Metro Toronto Housing Authority learned presentation, professional networking, and personal power building skills, and how to gain confidence, competence and credibility. A two-day learn-by-doing Assertiveness and Negotiation skills workshop presented to women from administrative and support staff levels stressed resolving conflict situations decisively yet diplomatically.

Close contact is maintained between the program and employees in every branch and office through a network of Affirmative Action representatives elected for a term of two years. Representatives are informed of the goals and policies of the program in an annual meeting. This past year 90 representatives attended. Exercises were designed to develop their awareness of current Affirmative Action issues and activities and to provide them with the skills, knowledge, and resources to act as liaison persons between the employees in their respective areas and the program office.

A close working relationship is maintained with the Ontario Women's Directorate (OWD) who identify and analyze issues and develop policies, programs and legislation that will benefit women. An annual report is provided by the program to the OWD outlining progress in meeting the objectives, occupational distribution of women, the number and types of Accelerated Career Development initiatives, and career success stories.

Accelerated Career Development opportunities, many of which are planned and/or initiated by the program, continue to be successful in allowing women to develop the necessary skills for career advancement. During 1985/86 a total of 47 ACDs were initiated in the Ministry of Housing and women who had previously received an ACD were successful in moving into technology-related (systems officer) and management (executive assistant to a Deputy Minister, director) positions. A new position in the highest level of the systems management class was filled by an external female candidate, and two women are receiving training through the Affirmative Action Incentive Fund in technology-related positions.

Two female public housing tenants participated in a skills upgrading pilot program introduced by the Ottawa-Carlton Regional Housing Authority in co-operation with Ontario Housing Corporation and the Affirmative Action program. A six-month to one-year contract to learn skills in grounds maintenance was designed to allow the women to develop sufficient skills to compete for future positions and enter the workforce.

The program is represented on the Affirmative Action Council, which consists of the managers responsible for Affirmative Action in the Ontario government. During 1985/86 the program manager and administrative assistant served on the council in the roles of president and secretary, respectively, and a program officer served on special task forces.

There are four volunteer committees that receive administrative and advisory assistance from the program. The publications committee produced three issues of News of Women (NOW) which were distributed to staff through the representatives. An Affirmative Action committee in subsidies branch organized informative noon-hour sessions on topics related to women's issues and lifestyle enhancement. The CORE committee continued to meet during the year and is developing a mandate and action plan to assist the program in meeting objectives. The Ottawa-Carlton Housing Authority established a committee for Affirmative Action and provided workshops and information sessions for female staff.

French-Language Services

In 1985-1986, the French-language services co-ordination committee of wing representatives continued to oversee the implementation of the government's French-language services policy within the ministry.

During the year, the committee prepared estimates of the ministry's translation, staff training and printing costs in accordance with the proposed French-Language Services Act. Committee members were asked to review these items within their appropriate wing. This information allowed the committee to prepare a report for Cabinet office with respect to the implications of the bill of the ministry's operations.

Following the proclamation of the French-Language Services Act by the Legislative Assembly, the committee will be responsible for the preparation of an implementation plan which will be submitted to the French-language services commission. In this regard, the committee will collect information from branch managers on their staff's bilingual capabilities, training requirements and on translation and printing needs.

A number of publications were made available in French. As well, news releases and advertisements affecting Ontario's designated areas were produced in French.

The French-language services co-ordination committee is responsible for the implementation of government French-language services policy in the ministry.

Community Housing helps meet the needs of low and moderate-income families, senior citizens and disabled persons through a variety of programs. It focuses on a range of housing activities, including the private rental sector and ownership markets.

It is concerned with:

- provision of low income housing through Ontario Housing Corporation;
- issues relating to the development, financing, and construction or acquisition of housing built or supported with government aid;
- fostering residential construction in the private sector;
- promoting housing renovation;
- encouraging the upgrading of existing housing;
- planning for the future shelter needs of groups such as the elderly and disabled persons, in concert with other provincial social agencies;
- encouraging the intensification and better use of existing housing resources.

In December, 1985, a series of housing initiatives was announced under the Assured Housing Strategy package. These initiatives are estimated to cost more than $500 million over the next five years. The subsidies will support the production of more than 43,000 new rental housing units. Financial aid will also be provided for the upgrading of 18,500 units in older apartment buildings.

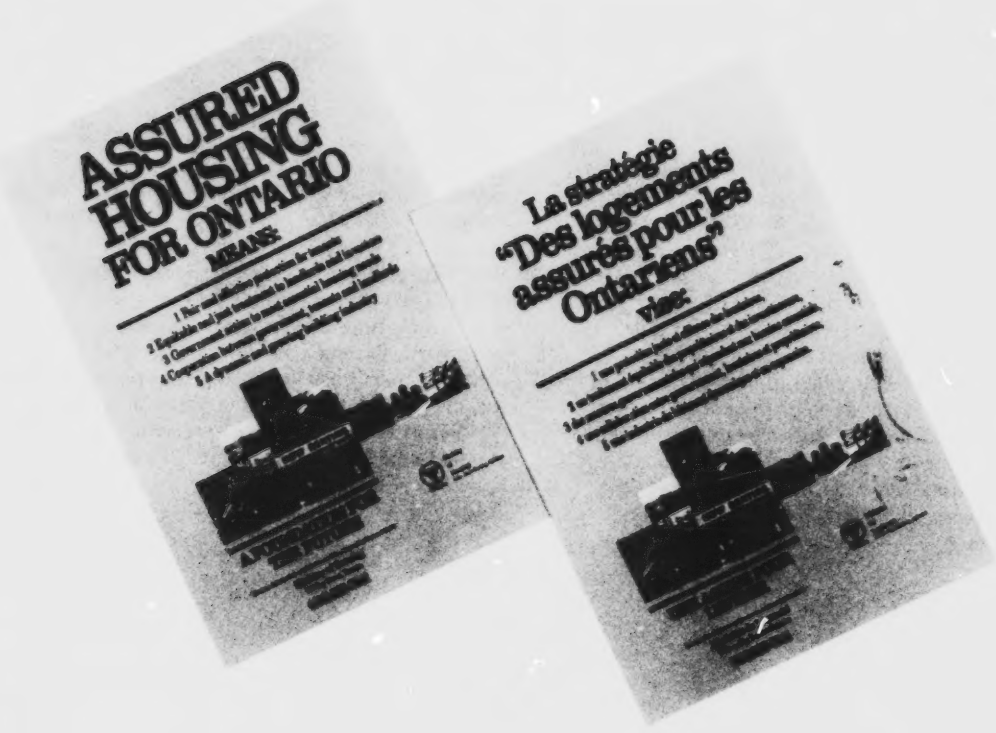
Community Housing wing consists of:

- Housing policy and program development branch
- Ontario Housing Corporation (OHC)

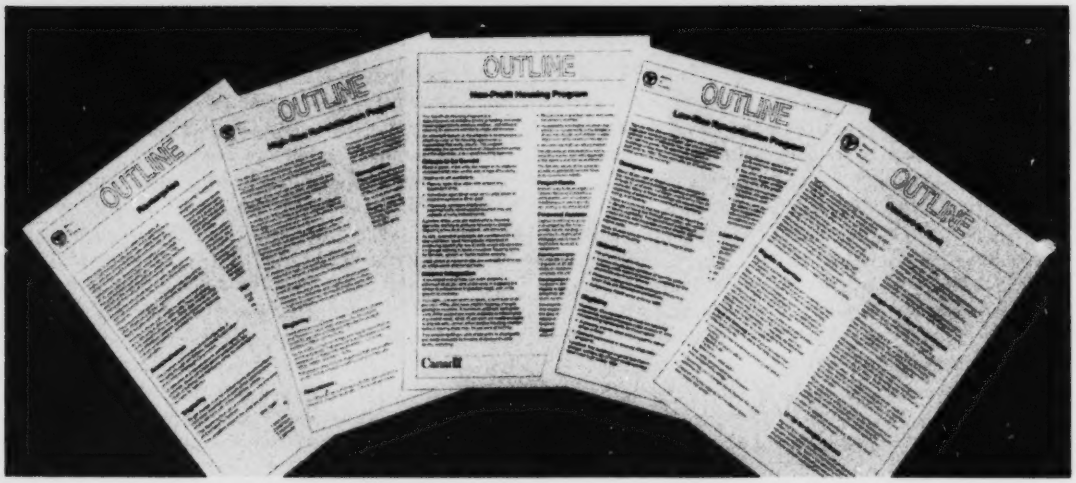
The Housing Policy and Program Development Branch

The housing policy and program development branch undertakes basic housing research, monitors economic conditions and trends in the shelter industry that affect housing policies, develops strategic policy recommendations for private market ownership and rental housing, develops new programs and monitors existing programs. The branch is responsible for the corporate and strategic planning for the wing. These activities deal with both new housing and existing housing stock.

The branch was responsible for the market-oriented supply initiatives contained in the Assured Housing Strategy, announced December 16, 1985.



Assured Housing for Ontario posters, printed in English and French, were part of an information campaign to inform the public about the new initiatives. The strategy, launched on Dec. 16, 1985, covered rent review, the supply of social and market housing, the stimulation of Ontario's building industry and the effective use of government lands for housing.



Information sheets describe Assured Housing for Ontario strategy.

This was an integrated package of 11 initiatives all supporting the objective of addressing the major current problem in the market — rental supply and affordability. The package addressed the issues of supply of rental housing, ways to preserve and make better use of our existing stock and modest initiatives addressing home-ownership options for first-time buyers.

The major programs include:

Renterprise:
This is a private rental supply program, providing interest-free loans to developers. The program is to produce 5,000 modest units in areas with low vacancy rates and demonstrated need for rent-geared-to-income units.

Proposal calls were issued to the development industry in January 1986. Forty per cent of the units are to be made available for rent-geared-to-income tenants.

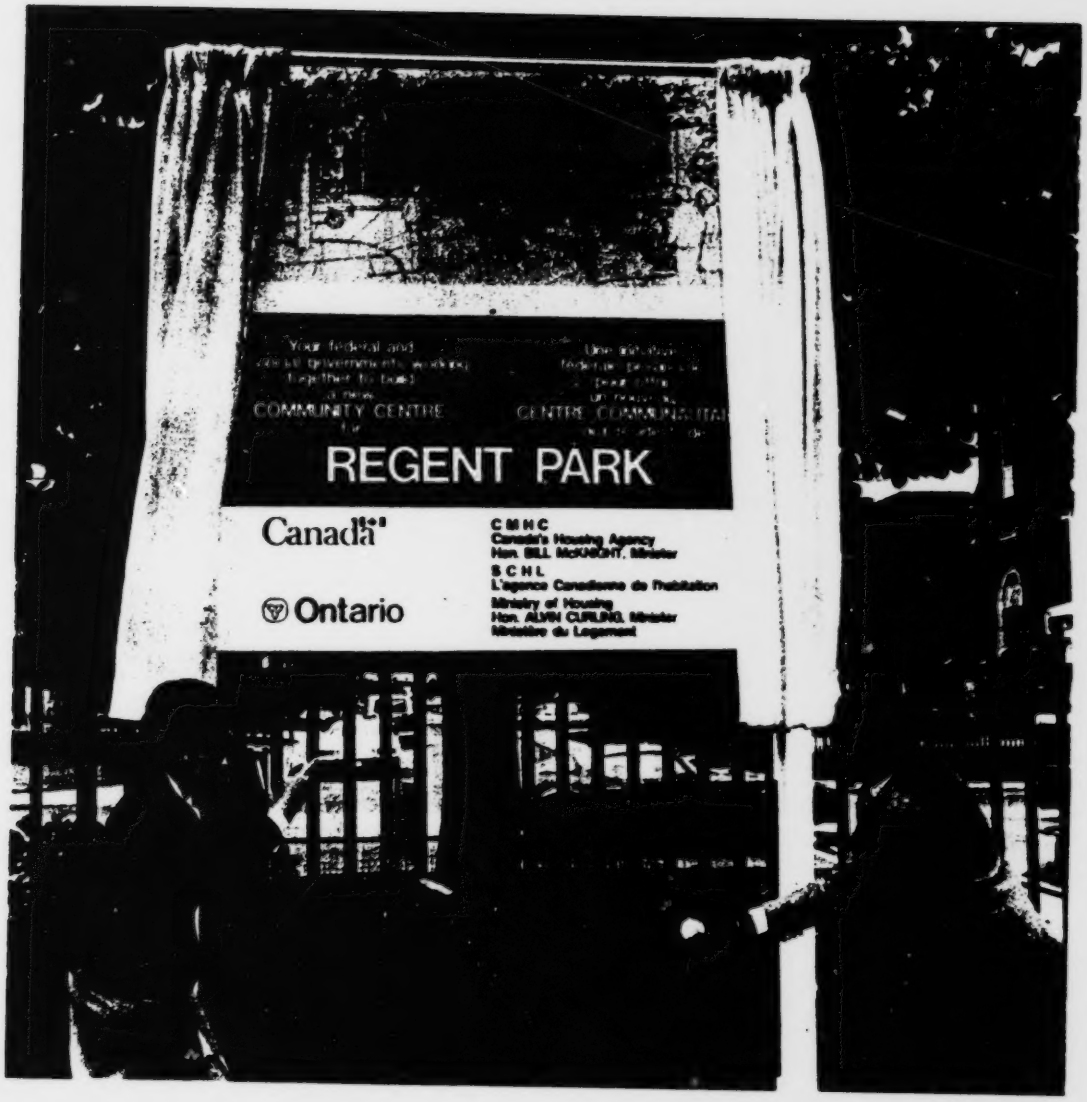
Low-Rise Rehabilitation Program:
This program — designed to preserve older, low-rise rental housing — will allow the upgrading to minimum property standards, of at least 17,000 rental units over four years. Forgivable loans of up to $5,000 per unit, to cover two-thirds of the costs of repairs, are provided.

Convert-to-Rent:
This already existing program was substantially enriched and eligibility was expanded to allow creation of units in single-family homes as well as units suitable for lower-income single people. Interest-free loans of $5,000 or $7,000 per unit are available, depending on the type of work undertaken.

A number of the initiatives are intended to broaden the housing options of senior citizens. These include the Homesharing, Seniors Co-ownership and Seniors Retirement Communities projects. Progress is also being made on the Portable Living Units for Seniors (PLUS) project, a demonstration of the so-called "Granny Flat" concept originally developed in Australia. The purpose of the demonstration is to test the feasibility of the concept in the Ontario context. Eight of a planned 12 units were installed in the fiscal year.

A housing market survey of Ontario plus 10 urban centres was undertaken in the fall of 1985. This survey provides the most comprehensive information on renters and owners in Ontario and is a major resource for internal analysis. The survey relates who lives in what type of shelter, what their shelter plans are, and what they pay, now and in the past.

The branch is also responsible for a comprehensive consumer-and industry-oriented information program regarding housing rehabilitation. This includes the Home Conservation Centre, a travelling exhibit which, in 1985/86, covered 17 shows including the Canadian National Exhibition, as well as more specialized and local shows. Through the exhibits and the Ontario Renovation Information Centre, a demonstration house open to the public, almost 230,000 booklets and fact sheets were distributed, and personal advice was made available to many thousands of visitors. As well, fostering excellence in renovation, the fifth annual Ontario Renews Awards was held in Kingston in October 1985.



Housing Minister Alvin Curling and Regent Park community centre steering committee chairperson Carol Walsh unveil the sign showing an architect's drawing of the community centre now under construction.

Ontario

Office of the Chairman

Ministry of Housing

Ontario Housing Corporation

777 Bay Street
Toronto, Ontario
M5G 2E5

THE HONOURABLE
ALVIN CURLING
MINISTER OF HOUSING

Sir:

It is my honour, on behalf of the Board of Directors, to present the Annual Report and Statement of Accounts of the Ontario Housing Corporation for the year ending December 31, 1985.

Respectfully submitted.

Allan R. Moses
Chairman of the Board

Board of Directors

A.R. Moses, Chairman; L.F. Pitura, Vice chairman; P. Buchanan; R.G. Crompton; J.E. O'Brien; M.A. O'Brien; R. Pantalone; G.P. Puddicombe; G.R. Stratton; A. Wilson; I. Wong.

Report of the Chairman of the Board

The year under review was an exciting and eventful one as Ontario Housing Corporation moved into its third decade.

In June, OHC's mandate was changed to permit the corporation to house psychiatrically-handicapped people who are capable of living independently. In addition to this new client group, OHC helps low-income families, senior citizens, and physically and developmentally-handicapped people capable of living independently.

During the year, OHC staff worked with the Ministry of Health and mental health professionals to produce guidelines to help housing authorities assess the suitability of psychiatrically-handicapped applicants for housing in their portfolios.

The West Kenora District Housing Authority became the first housing authority to enter into an agreement to manage a municipal non-profit project. The agreement, between the housing authority and the Keewatin Municipal Non-profit Housing Corporation, was approved by Ontario Housing Corporation's Board of Directors in July. The one-year agreement took effect August 1.

At the end of 1985, the corporation had 84,365 housing units, made up of 47,842 family units and 36,523 senior citizen units. The corporation also had 12,326 units under rent supplement agreements for a total portfolio of some 97,000 units.

OHC is also involved in subsidizing rent-geared-to-income units developed under other housing programs. In 1985, the corporation was providing financial assistance for more than 127,000 units, or more than one in every 10 rental households in the province.

The popular 20th anniversary scholarship program, introduced in 1984, was continued in 1985 in a slightly different form. Bursaries of $250 each were awarded to 25 young OHC residents to enable them to continue their studies at the post-secondary level.

During the year a number of activities were undertaken to strengthen the relationship between the OHC Board of Directors and the volunteer members of OHC's 58 local housing authorities.

One important link between the board and housing authorities during 1985 was the Advisory Council of Housing Authority Chairmen. Carmen Acton, chairman of the Lambton County Housing Authority, took over as chairman of the advisory council in January, and did an excellent job of leading the council throughout the year.

In the fall, a major workshop — Partners in Housing — was held in Toronto for housing authority chairmen and managers. In addition to the formal educational sessions, the workshop provided a vital opportunity for two-way communication between the OHC Board of Directors and representatives of the housing authorities.

In the spring, very successful regional workshops for housing authorities were held in Kingston, Port Carling and Niagara Falls. These provided an opportunity for housing authority members to meet informally with the members of the OHC board, and at the same time pick up some valuable information on human resources management, the corporation's management action plan, and current issues of interest to housing authorities.

One of the highlights of those regional workshops was the presentation of the first-ever energy targets awards. Thirteen housing authorities received achievement awards in recognition of their long-term commitment to energy conservation. A further 18 housing authorities and three districts within Metro Toronto Housing Authority received awards for meeting their energy targets the previous year.

The program, introduced and implemented by Harry Sproule, is credited with saving OHC more than $2 million in energy costs by mid-1985.

A number of changes occurred within the OHC Board of Directors during 1985. In January, Anne Wilson of Ottawa joined the board. Patricia Buchanan of Sudbury was appointed early in the year, and Rocco Pantalone of Toronto was appointed to the board in the late spring. Unfortunately, the demands of his business forced Mr. Pantalone to resign later in the year.

Two dedicated directors, Michael O'Brien and Gordon Crompton, left the corporation when their terms ended December 31. My own term as chairman also ended December 31.

I would like to take this opportunity to thank the OHC directors and housing authority members past and present, the OHC staff with whom I have dealt over the past six years, and the three ministers under whom I have served. Their efforts have made OHC not only the country's biggest landlord, but its best as well. The support and co-operation I have received from these people have made my job both rewarding and extremely enjoyable.

Allan R. Moses
Chairman.

Ontario Housing Corporation

Ontario Housing Corporation (OHC) provides rent-geared-to-income housing for families and senior citizens with low incomes as well as physically, developmentally and psychiatrically-handicapped adults.

In 1985 there were 84,365 units in the corporation's portfolio of which 47,842 were family units and 36,523 were senior citizen units. These OHC-owned units are managed through a network of 58 housing authorities across the province, which are responsible for managing the properties as agents through management agreements.

In addition, the housing authorities administer the rent supplement program which included 12,326 units at year's end. These units provide accommodation for rent-geared-to-income tenants in buildings owned by private landlords and help to integrate low-income tenants in the community. The housing priority list for rent-geared-to-income accommodation as of December 31, 1985 was:

Family	15,390
Senior Citizens	5,263
Handicapped Adults	1,406
Total	22,059

As well, Ontario Housing Corporation develops social housing programs and policies, administers housing programs, such as Municipal Non-Profit and Convert-to-Rent and evaluates administrative and operational procedures associated with social housing programs. Approximately 127,000 units receive financial assistance through Ontario Housing Corporation.

During 1985, OHC continued to decentralize its program activity to the six regional housing programs offices and increased accountability to the 58 local housing authorities.

Early in 1985, OHC appointed a user representative to the committee overseeing the development of the new financial management system for the ministry. Strong end-user involvement will assist in designing a new financial system to better meet the needs of the housing authorities, regional housing programs offices and OHC.

Field Operations

Field Operations is responsible for the delivery and administration of social housing programs across the province. Six regional housing programs offices, located in Hamilton, London, Ottawa, Sudbury, Thunder Bay and Toronto, provide a 'one window' service covering all aspects of social housing activities. These offices provide technical, financial and administrative support to the 58 housing authorities and non-profit housing corporations. This support is provided to ensure that the province's portfolio of assisted rental housing is operated efficiently and properly maintained.

The housing authorities are responsible for the day-to-day management of the 84,365 provincially-owned public housing units and administer the more than 12,000 rent supplement units through management agreements with Ontario Housing Corporation. In 1985, expenditures totalled $443,800,000 and revenues were $196,600,000 in the operation of the OHC properties.

The regional housing programs offices also work directly with municipalities, non-profit and co-operative groups and housing proponents from the private sector in an effort to meet the housing requirements in Ontario.

The development of a property management system began early in 1985. This system, when implemented, will interface with the financial management system in the financial areas of overlap and will provide detailed information on such items as unit repairs, maintenance reports and tenant charges.

Program Policy and Evaluation Branch

The management standards project was started in 1984 to provide an objective analysis of the effectiveness of the management practices and processes for both the housing authorities and regional housing programs offices. This project became known as 'Standards to Success' and was introduced to housing authority and regional management staff through a series of workshops during 1985. Several consultants in the housing management, public relations and computer areas were involved in final design of the program. As well, several task forces involving field staff were organized to act in an advisory capacity to the management and operations review section to provide user input and ensure that the concept of ownership forms part of the establishment of standards. By year-end, final data research and design were completed, with implementation scheduled for 1986.

The Satellite Information Centre continued to provide end user support in the areas of staff training, data access, information needs, equipment acquisition and installation to staff of Ontario Housing Corporation and the community housing wing. Microcomputers were introduced to 12 housing authorities as a pilot project and a plan was developed to expand the pilot to several more in 1986.

Housing authority appointments were made as vacancies occurred. The 58 housing authorities had a total of 440 memberships at year end.

The operations support services section expanded its community relations workshop program in 1985 to provide five regional workshops and one annual province-wide workshop. These workshops focused on regional concerns as well as issues related to senior citizens, families and housing of the new client group —psychiatrically-handicapped adults. A new community program 'Street Proofing of Children' was organized and made available to 16 housing authorities. The 1985 summer recreation program was once again successful and provided employment for 360 students, a large proportion of whom were tenant and racial minority youths. Funding for a Moms and Tots program was secured in Metropolitan Toronto. A bursary program provided 25 OHC resident students with financial assistance to enter university or community college.

Policy staff continued to provide support for the federal/provincial consultation process on social housing. Most of the work for the new global and operating agreements delineating policy as well as financial and program responsibilities was completed by the end of 1985. Consultations took place with a wide range of non-profit producers and others concerned during the development of the new non-profit housing program. In addition to the work on the new program, work was also undertaken on existing programs, including such areas as tenant eligibility, rent scales and priority (waiting) lists. A major policy change on eligibility was the inclusion of the psychiatrically-handicapped. Housing authorities, mental health professionals and other concerned ministries were consulted extensively to develop guidelines for the housing of this group. Approval was provided for a plan for a series of distinct function-related manuals for housing authorities to replace the OHC field manuals.

Technical Support Branch

The branch is responsible for the provision of overall technical direction and guidelines to the regional technical sections, Ontario Housing Corporation and the wing. It provides co-ordination and direction of universal projects or programs having a primarily technical content as well as developing generic specifications, standards and systems for the development, maintenance, conservation and upgrading of properties owned or operated by OHC and its affiliated organizations.

Development of the building conservation management system proceeded during the year and pilot implementation was commenced in the Hamilton-Wentworth Housing Authority.

The Ontario Housing Corporation's planning, design standards and design guides were updated to incorporate code changes and other improvements. The first issue of the Ontario Housing Corporation's generic conservation specification was completed early in the year with additional specifications, revisions and updating of the original sections being issued toward the end of the year.

The energy conservation reporting system and energy targets system continued to identify potential for savings, with savings of $3,300,000 having been achieved by the end of the 1984/85 heating season.

A considerable amount of work has been carried out during the last few years in the fire safety area which culminated in 1985 with the distribution of the Fire Log book. This book was developed to provide a complete record of the maintenance of life safety systems as required by the Ontario Fire Code. An instructional video was also produced and distributed to assist in staff training and 14 seminars were given on the use of the log book and video to OHC staff.

The co-ordination of OHC's fire alarm and emergency system upgrading program continued. By the end of 1985, 397 designs had been finalized and work had been completed on 198 of the 557 buildings to be upgraded.

The Draftproof Ontario program was co-ordinated in three housing authorities in consultation with the Ministries of Energy and Skills Development. It was successful both in providing employment opportunities for Ontario youth and improving comfort levels and energy conservation in O.H.C. buildings.

In the appraisal area support has been provided to the regional staff during times of peak work load and staff recruitment and assistance given in the interviewing and assessment of consultant appraisal companies in various areas of the province.

The development of the branch's responsibility for staff education and technology transfer in the property conservation and maintenance area was given strong emphasis, and seminars and workshops were conducted in landscape maintenance, safety, roofing, energy conservation, and appraisal both for the appraisal staff and management staff.

Ontario Housing Corporation

Financial Statements Year ended December 31, 1985

Incorporated without share capital under
the Ontario Housing Corporation Act

Balance Sheet December 31, 1985

Assets	1985 ($000's)	1984 (000's)
Investment in properties (note 3)		
Provincial housing	1,234,729	1,242,799
Federal-Provincial housing	16,457	16,448
Student housing on leased land	63,016	63,442
Other	5,845	6,534
	1,320,047	1,329,223
Mortgages and loans (note 4)	25,455	22,420
Amount due from the Treasurer of Ontario	96,548	95,074
Accounts receivable	1,717	1,847
	1,443,767	1,448,564
Liabilities		
Long-term debt (note 5)		
Canada Mortgage and Housing Corporation	1,154,360	1,161,904
Treasurer of Ontario	—	182,139
Other	19,642	19,777
	1,174,002	1,363,820
Accounts payable and accrued liabilities (note 6)	83,470	83,125
Bank indebtedness	1,546	1,619
	1,259,018	1,448,564
Equity		
Contributed surplus (note 7)	184,749	—
	1,443,767	1,448,564

See accompanying notes to financial statements.
On behalf of the Board:

Vice-Chairman

General Manager

Statement of Operations Year ended December 31, 1985

Housing Operations	1985 ($000's)	1984 (000's)
Assisted housing		
Rental revenue	196,694	185,228
Expenses		
Property operating expenses	255,050	236,018
Grants in lieu of municipal taxes	73,847	69,673
Amortization (principal and interest)	115,000	121,984
	443,897	427,675
Loss on assisted housing (note 8)	247,203	242,447
Rent supplement (note 9)	52,599	46,957
	299,802	289,404
Less: Canada Mortgage and Housing Corporation share	154,769	149,275
	145,033	140,129
Provincial contributions to municipal housing (note 10)	13,305	12,519
Rural and native housing (note 11)	2,708	2,453
Recovery of amortization (principal and interest) (note 12)	(8,853)	—
Provincial share of loss on housing operations	152,193	155,101
Other Expenditures		
Social housing payments	27,883	13,263
Net interest revenue	(893)	(2,026)
Administration expenses (Schedule)	3,932	1,475
	30,922	12,712
Net Operating Cost for the Year	183,115	167,813
Funds Provided by the Treasurer of Ontario	183,115	167,813

See accompanying notes to financial statements.

Administration Expenses Year ended December 31, 1985

	1985 ($000's)	1984 (000's)
Salaries and benefits	8,983	5,367
Administrative support services (note 13)	9,595	8,751
	18,578	14,118
Less: Administration expenses charged to housing operations	14,646	12,643
	3,932	1,475

See accompanying notes to financial statements.

Notes to Financial Statements December 31, 1985

1. Significant Accounting Policies

Basis of accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles with the exception of:

i) investments in Provincial and Federal-Provincial properties (land and buildings) which are amortized over periods not exceeding 50 years.

ii) furniture and equipment purchases which are expensed in the year of acquisition; and

iii) social housing payments which include funds advanced as interest-free loans. These loans are expensed and not included as accounts receivable in the balance sheet. Repayments are returned directly to the Consolidated Revenue Fund of the Province of Ontario.

2. Self-Insurance

The Corporation follows the policy of self-insuring its Provincial and Federal-Provincial properties for property damage such as fire, water and vandalism. Costs of such repairs are charged to property operating expenses.

3. Investment in Properties

a) Provincial housing

This investment represents land and building costs of wholly-owned properties which are amortized over periods not exceeding 50 years.

	1985 ($000's)	1984 (000's)
Cost	1,317,143	1,317,223
Less: accumulated amortization	82,414	74,424
Net book value	1,234,729	1,242,799

3. *Investment in Properties* (cont'd)

b) Federal-Provincial housing

Federal-Provincial properties are owned and operated on a partnership basis with Canada Mortgage and Housing Corporation. The balance represents the Corporation's share of land and building costs which are amortized over periods not exceeding 50 years.

	1985 ($000's)	1984 (000's)
Cost	20,520	20,245
Less: accumulated amortization	4,063	3,797
Net book value	16,457	16,448

c) Student housing on leased land

This investment represents building costs to provide student accommodation on land leased from 11 universities and colleges. These costs are being repaid semi-annually to the Corporation by the educational institutions over a 50 year period. When costs are fully repaid, title to the properties will be transferred to the respective institutions. Rental income and maintenance costs on these properties are absorbed by the institutions.

	1985 ($000's)	1984 (000's)
Cost	67,890	67,890
Less: educational institutions' equity	4,874	4,448
Net book value	63,016	63,442

d) Other

	1985 ($000's)	1984 (000's)
Land leased, at cost	2,308	2,308
Projects under development, at cost	1,416	2,078
Land inventory, lower of cost or estimated market value	2,121	2,148
	5,845	6,534

4. *Mortgages and Loans*

	1985 ($000's)	1984 (000's)
Rural and Native Housing Program	20,570	17,495
Other	4,885	4,925
	25,455	22,420

5. Long-Term Debt

The Corporation borrows funds from Canada Mortgage and Housing Corporation and the private sector to finance investments in real property. Such borrowings are repaid in accordance with agreement terms over periods not in excess of 50 years.

Interest is payable to Canada Mortgage and Housing Corporation and the private sector at various rates based on individual agreements ranging from 4.25% to 15% – weighted average rate of 8.18% (1984 from 4.25% to 15% – weighted average rate of 8.18%).

Principal repayments are due as follows:

	($000's)
1986	8,217
1987	8,822
1988	9,475
1989	10,177
1990	10,935
Subsequent to 1990	1,126,376
	1,174,002

While the Corporation is indebted for capital funds borrowed in respect of investment in Provincial housing projects, the amortization charges (principal and interest) over the life of the projects are considered operating expenses under the cost sharing agreement with Canada Mortgage and Housing Corporation. Under this agreement, Canada Mortgage and Housing Corporation contributes 50% of the amortization charges (principal and interest) and the Corporation absorbs the remaining 50%.

6. Accounts Payable and Accrued Liabilities

	1985 ($000's)	1984 ($000's)
Canada Mortgage and Housing Corporation	40,406	44,416
Other	43,064	38,709
	83,470	83,125

7. Contributed Surplus

Prior to December 1, 1985 capital funds provided by the Treasurer of Ontario were repayable by the Corporation as the related assets were amortized or sold. Effective December 1, 1985 such funds are no longer repayable by the Corporation. Also, the Treasurer of Ontario forgave the long-term debt of the Corporation in respect of capital funds provided prior to December 1, 1985.

To reflect this change, the Corporation transferred the long-term debt due to the Treasurer of Ontario as of November 30, 1985 to a new account "Contributed Surplus". Contributions for capital expenditures received with effect from December 1, 1985 are to be credited to this account. In addition, the account is to be reduced as the related assets are amortized or sold. The balance as at December 31, 1985 is made up as follows:

	($000's)
Long-term debt transferred as at November 30, 1985	184,933
Add: Capital contributions received in December, 1985	1,395
Less: Amortization (principal portion)	(1,579)
	184,749

8. Loss on Assisted Housing

Under the assisted housing program, the Corporation owns (either wholly or in partnership with Canada Mortgage and Housing Corporation) rental properties and provides rent-geared-to-income accommodation principally to families and senior citizens. The management of the properties is carried out through a network of local housing authorities who act as agents of the Corporation. The loss on this program is shared with Canada Mortgage and Housing Corporation.

9. Rent Supplement

Under the rent supplement programs, the Corporation acquires the use of rental units from the private sector and provides rent-geared-to-income accommodation principally to families and senior citizens. The costs of these programs are shared with Canada Mortgage and Housing Corporation.

10. Provincial Contributions to Municipal Housing

The Corporation contributed $13.3 million (1984 — $12.5 million) to The Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

11. Rural and Native Housing

This program, administered by Canada Mortgage and Housing Corporation, provides subsidized home ownership to families in rural areas. Mortgage payments are geared to owners' incomes. The loss represents the Corporation's share of the subsidy provided.

12. Recovery of Amortization (Principal and Interest)

As a result of the elimination of the long-term debt payable to the Treasurer of Ontario as referred to in Note 7, relevant amortization charges (principal and interest) are no longer payable by the Corporation. Accordingly, the Provincial portion of such amortization, while charged to Housing Operations, is offset by credit to recovery of amortization.

13. Administrative Support Services

The Ministry of Housing provides central administrative support services to the Corporation. The charge for such support services was determined on a basis acceptable to the Ministry and the Corporation.

14. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1985 presentation.

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416 965-1381

To the Ontario Housing Corporation and
to the Minister of Housing

I have examined the balance sheet of Ontario Housing Corporation as at December 31, 1985 and the statement of operations for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1985 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Ontario Housing Corporation Act, a report on the audit will be made to the Corporation and to the Minister of Housing.

D.F. Archer, F.C.A.,
Provincial Auditor

Toronto, Ontario
June 13, 1986

Ontario
Land
Corporation

777 Bay Street
Toronto, Ontario
M5G 2E5

THE HONOURABLE
ALVIN CURLING
MINISTER OF HOUSING

Sir:

On behalf of the Directors, I am pleased to present to you the Annual Report of Ontario Land Corporation for the year ending March 31, 1986.

Respectfully submitted,

STANLEY G. PAYNE
Chairman of the Board and President

Ontario Land Corporation

Board of Directors

Stanley G. Payne, Chairman; Robert W. Riggs, Vice-Chairman and Chief Executive Officer; K. Valerie Fleming; Susan Himel; James H. Joyce; Lee Martini; Harold S. McLellan; James D. Nasso; Jean C. Paradis; Charles Parsons; John D. Rogers; Lawrence Shankman

The Year in Review

1985/86 was a very successful year for Ontario Land Corporation. During this fiscal period the corporation increased its cash flow to $235 million from $207 million in the previous year mainly through an acceleration of mortgage discharges, both residential and commercial. In addition, net income from operations rose by 37% from $12 million to $17 million due to increased profits on land sales and reduced interest costs on borrowings. In 1985/86, notwithstanding the corporation's success in reducing its asset base, OLC increased its payments to the Treasurer to $127 million compared to $124 million in 1984/85.

This year saw major changes in OLC's loan arrangements with the Treasurer of Ontario and in its accounting policy for corporate assets. In response to the October 1985 provincial budget, the corporation revalued its real estate assets for financial statement purposes, to appraised market value. This resulted in a write down of its land and mortgages by $267 million. The Treasurer, in turn, subsequently expended the remaining land-related debt of $249 million; the corporation has transferred the amount so expensed to *contributed surplus.*

During the year the government stated that its main objectives for real property are to support the program needs of ministries and to use these assets for social and economic priorities as well as revenue optimization. The government also directed that the activities of OLC and its subsidiary Ontario Mortgage Corporation be combined with those of the Ministry of Government Services and that corporate assets be transferred to MGS at no cost.

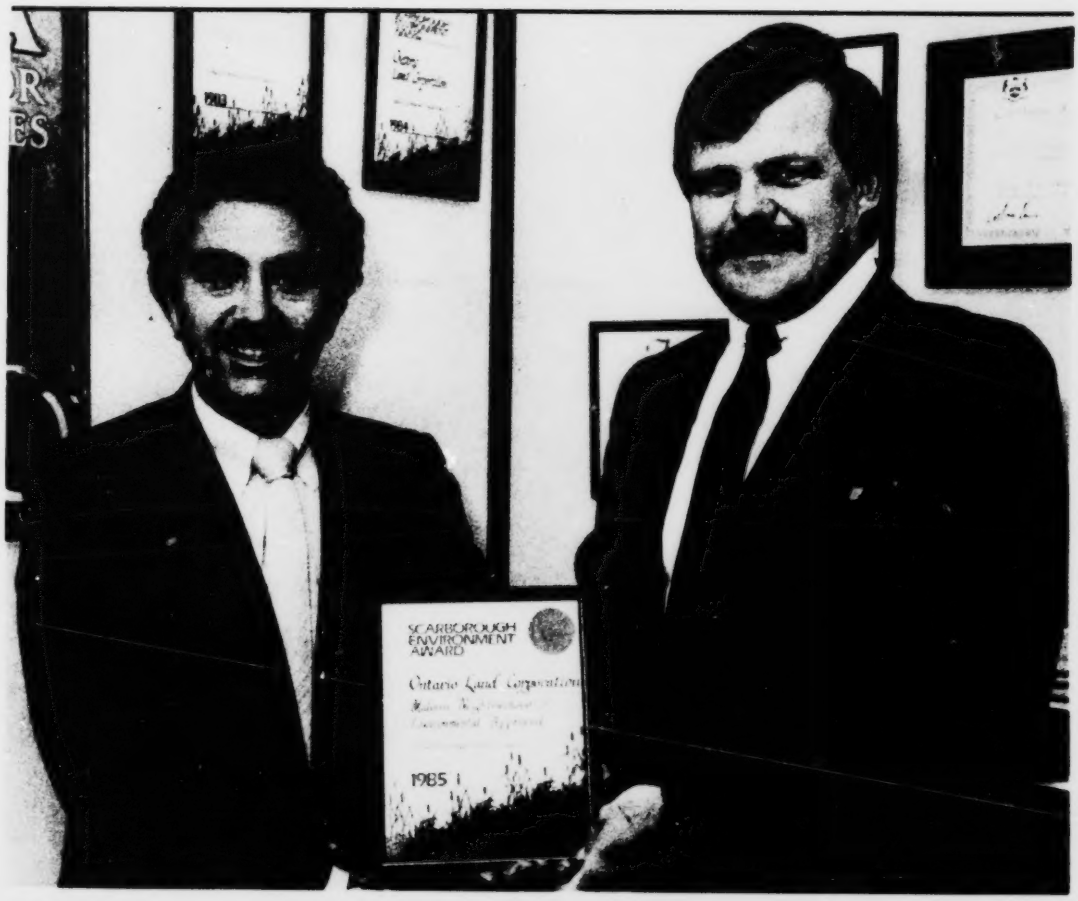
In 1985/86 the corporation took advantage of a buoyant real estate market and gross sales of land and acquired properties totalled $41.5 million. A significant land sale was a 400-acre site in Cambridge to Toyota Motor Company for a new automative assembly plant. Construction is expected to commence by the summer of 1986.

Land inventory was reduced by 318 hectares (786 acres) through effective marketing efforts. Land management activities last year earned a net surplus of $827,000. In 1984/85 inventory was reduced by 205 hectares (506 acres) for a net surplus of $618,000.

3,800 mortgages were discharged yielding a cash flow of $54 million. Principal and interest on the remaining mortgages and lease revenues amounted to $68 million for a total of $122 million.

Ontario Mortgage Corporation continues to administer mortgages on behalf of the province for the following housing initiatives: — Ontario Renter Buy, Ontario Rental Construction Loan, Convert-to-Rent, Renterprise, Add-a-Unit and Conserve-a-Unit programs.

In 1985/86 the government also introduced a program to purchase 40 houses directly affected by radioactive soil located on McClure Crescent in the Malvern community in Scarborough. Malvern has been developed by OLC in partnership with Canada Mortgage and Housing Corporation since the early '70s. It is expected that the total cost of this buy-back program, which includes lawyers' fees, appraisal costs, moving costs and land transfer fees, will approximate $3.5 million.



Ontario Land Corporation staff display a special environment award which the city of Scarborough gave the corporation for the "design with nature" approach it took in the development of the Malvern community in Scarborough.

Future Outlook

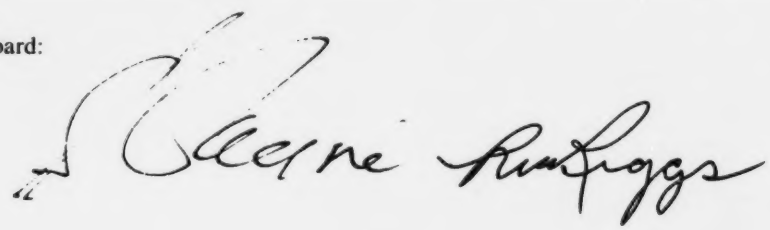
Over the next two years the corporation will sell the majority of its $340 million first mortgages to the private sector. In addition, OLC will continue to accelerate the sale of its land assets on the private market over the next five years or use these lands for government priorities. OLC also plans to dispose of its current inventory of residential properties acquired through mortgage defaults within the next 2-3 years.

Financial Statements Year ended March 31, 1986

Balance Sheet March 31, 1986

Assets	1986 ($000's)	1985 (000's)
Real Estate (note 1)	276,778	516,772
Mortgages and Loans (note 2)	361,889	465,157
Cash and Marketable Securites (note 3)	86,257	75,959
	724,924	1,057,888
Mortgage Guarantee Fund (note 10)	2,637	2,391
Liabilities		
Long-term debt		
Treasurer of Ontario (note 4)	323,075	872,301
Canada Mortgage and Housing Corporation (note 5)	99,929	102,692
	423,004	974,993
Accounts Payable and Accrued Liabilities	8,511	8,012
	43[illegible],515	983,005
Equity		
Contributed Surplus	249,267	—
Retained Earnings	44,142	74,883
	293,409	74,883
	724,924	1,057,888
Mortgage Guarantee Fund (note 10)	2,637	2,391

On behalf of the board:



Statement of Earnings Year ended March 31, 1986

Revenues	1986 ($000's)	1985 (000's)
Sale of Land	19,458	13,891
Rent from Land Leased to Homeowners	2,824	2,877
Interest on Mortgage and Loans	42,233	49,804
Interest on Cash and Marketable Securities	12,212	13,344
Other (note 6)	7,342	3,258
	84,069	83,174
Expenses		
Cost of Land Sold	15,927	11,931
Interest (note 7)	50,954	58,644
Other (note 8)	421	397
	67,302	70,972
Net earnings before extraordinary item	16,767	12,202
Extraordinary Item		
Writedown of Assets (note 9)	(47,508)	—
Net earnings (loss) for the year	(30,741)	12,202

Statement of Contributed Surplus Year ended March 31, 1986

Contributed Surplus, Beginning of Year	—
Debt forgiven by the Treasurer of Ontario (note 4)	249,267
Contributed Surplus, End of Year	249,267

Statement of Retained Earnings Year ended March 31, 1986

	1986 ($000's)	1985 (000's)
Retained Earnings, Beginning of Year	74,883	62,681
Net Earnings (loss) for the Year	(30,741)	12,202
Retained Earnings, End of Year	44,142	74,883

Statement of Changes in Financial Position Year ended March 31, 1986

Source of Cash		
Net Earnings Before Extraordinary Item	16,767	12,202
Depreciation and Other Non-Cash Items	93	149
Cash provided from Operations	16,860	12,351
Real Estate Costs Realized Through Sales and Disposals	19,309	16,783
Net Reduction of Mortgages and Loans	62,026	49,811
Advances from the Treasurer of Ontario	4,757	4,571
	102,952	83,516
Use of Cash		
Repayment of Long-term Debt	88,392	77,653
Development of Real Estate	4,761	8,166
Other Changes — Net	(499)	(1,434)
	92,654	84,385
Increase		
(Decrease) in Cash and Marketable Securities	10,298	(869)

Summary of Significant Accounting Policies March 31, 1986

Ontario Land Corporation (OLC) was incorporated in 1975 as a Crown Corporation without share capital under the Ontario Land Corporation Act. The Corporation manages 26,200 hectares of land acquired for land banking and development purposes, and 19,700 mortgages and 5,700 land leases issued under various housing programs. OLC is a partner with Canada Mortgage and Housing Corporation (CMHC) in certain land and mortgage programs, and earns administration fees for managing CMHC's interest in them. The Corporation is also a partner with various municipalities in certain mortgage programs.

The statements include the Corporation's proportionate share of the individual assets, liabilities, revenues and expenses of partnerships. No amounts are included in respect of salaries, benefits, or administrative expenses, as these are absorbed by the Ministry of Housing.

The Corporation administers certain housing incentive programs as an agent of the Province. Advances under these programs are reflected in the Public Accounts, and are not included in the accounts of the Corporation.

Revaluation of Assets and Forgiveness of Debt

In the Provincial Budget of October 1985, the Treasurer of Ontario announced that the Corporation's landholdings would be written down to reflect current appraised value and then transferred to appropriate ministries or sold as market conditions permit. The budget further stated that the Corporation's mortgage portfolio would be written down to reflect existing market conditions, and that divestiture would proceed in a planned and business-like manner.

The Corporation subsequently initiated a series of appraisals and reviews of both its lands and commercial properties and its mortgage portfolio. The lands, whether for sale or leased to homeowners, and the commercial properties were written down to the lower of cost or appraised value, and the amount of debt due to the Treasurer of Ontario was reduced to equal the adjusted land values. The evaluation of the mortgage portfolio indicated that a loss could be incurred on the sale of certain portions, and the carrying value and the corresponding debt were similarly reduced.

In anticipation of the transfer of these lands to ministries of the Province, the Treasurer then expensed all remaining land-related debt. This was done in accordance with Government accounting policy under which physical assets held by ministries are carried at nil book value. The Corporation has classified the amount so forgiven as Contributed Surplus.

Real Estate

Real estate consists of land inventory, land leased to homeowners, residential properties acquired upon default of mortgage loans, and commercial properties.

Land inventory cost consists of acquisition costs, planning and development costs, and ongoing carrying costs net of any rental revenue received. Where such cost was greater than appraised value as at March 31, 1986, the asset value has been reduced to the appraised value.

Land leased to homeowners represents the Corporation's interest in lots on which homes have been built. Effective March 31, 1986, the carrying value of these assets was reduced to reflect the actual lease yield. A lessee may, at his option, purchase and acquire title to the land.

Acquired property cost consists of the unpaid loan balances together with operating costs net of rents received. These properties are subsequently sold with the intention of recovering the value of the mortgages.

The net book value of commercial properties was reduced to equal the appraised value at March 31, 1986.

Depreciation of the commercial properties is recorded using the sinking fund method over a 40-year life for the properties. The sinking fund method provides a depreciation charge which increases at a rate compounded at 4% per annum, which is sufficient to fully depreciate the buildings over their anticipated useful lives.

Where land inventory is owned by the OLC / CMHC partnership, interest is capitalized at rates set by CMHC. Interest is not capitalized on land wholly owned by the Corporation.

Mortgages and Loans

Mortgages and loans are carried at the amount due including interest and property taxes paid on behalf of the mortgagor, less an allowance for losses due to defaults. The book value of certain portions of the mortgage portfolio have been reduced to the estimated realizable value.

Cash and Marketable Securities

Marketable securities are carried at cost plus accrued interest.

Income Recognition

Income from the sale of real estate is recognized when title passes to the purchaser.

In previous years the Corporation sold individual lots and took back non-interest bearing deferred mortgages as part of the sales proceeds. A portion of the gain on each sale, equal to the amount of such mortgage, was deferred. The deferred gains are taken into income at the time when mortgage repayment commences.

Notes to Financial Statements March 31, 1986

1. Real Estate

		1986	1985
		(Corporation's Proportionate Share)	
		($000's)	(000's)
Land under development	154 Hectares	2,415	14,850
Land held for development or sale	25,247 Hectares	245,952	456,672
Land leased to homeowners	4,218 Lots	22,501	34,331
Acquired residential properties	143 Properties	5,010	7,161
Commercial properties	2 Properties	900	3,758
		276,778	516,772

Transactions during the year were:

	Land Inventory	Leased to Homeowners	Acquired Properties ($'000)	Commercial Properties	Total
Balance, March 31, 1985	471,522	34,331	7,161	3,758	516,772
Reacquisitions and settlements	1,248	—	1,512	—	2,760
Development costs	4,184	—	—	112	4,296
Capitalized interest	239	—	—	—	239
Carrying costs	3,432	—	686	—	4,118
Rent recoveries	(4,173)	—	(967)	—	(5,140)
Depreciation	—	—	—	(93)	(93)
Disposals	—	—	(3,382)	—	(3,382)
Cost of sales	(15,097)	(830)	—	—	(15,927)
Writedown of assets	(212,988)	(11,000)	—	(2,877)	(226,865)
Balance, March 31, 1986	248,367	22,501	5,010	900	276,778

The writedown of $226,865,000 represents the revaluation of these assets as outlined in the Summary of Significant Accounting Policies.

2. Mortgages and Loans

	1986 ($000's)	1985 (000's)
Residential mortgages and agreements for sale:		
Insured under the National Housing Act	36,055	45,589
Uninsured (net of 1.5% allowance)	347,338	399,387
Total (average interest rate 9.77%; 1985 - 10.30%)	383,393	444,976
Non-interest bearing deferred mortgages	20,184	23,267
Builders' mortgages	7,375	8,780
Municipalities and other	10,468	10,762
Ontario Development Corporation	316	424
Other receivables	67	215
	421,803	488,424
Less: Deferred gains arising from non-interest bearing deferred mortgages	20,184	23,267
Writedown of mortgages	39,730	—
	361,889	465,157

The writedown of $39,730,000 represents the revaluation of certain residential mortgages as outlined in the Summary of Significant Accounting Policies.

3. Cash and Marketable Securities

	1986 ($000's)	1985 (000's)
Cash and short-term investments	47,830	37,744
Securities maturing 1987 to 2005 (market value $40,252,000; 1985 - $37,500,000)	38,427	38,215
	86,257	75,959

4. Long-term Debt — Treasurer of Ontario

The assets of the Corporation are financed mainly by loans from the Treasurer of Ontario. These loans are repayable as funds are realized from the assets. On March 31, 1986, the Treasurer of Ontario eliminated $468,354,000 of the Corporation's indebtedness as outlined in the Summary of Significant Accounting Policies. Details of this elimination are:

Applied to writedown of land	179,357	
Applied to writedown of mortgages	39,730	
Now reflected as Contributed Surplus	249,267	
	468,354	
Details of the remaining debt are:		
Interest bearing — Average rate 9.05% (1985 - 9.23%)	323,075	476,961
Non-interest bearing	—	390,718
Non-interest bearing to March 31, 1990	—	4,622
	323,075	872,301

5. Long-term Debt — CMHC

a) Debt due to CMHC is repayable under two debentures due December 31, 2001. The weighted average interest rate is 8.93% (1985 - 8.93%).

Principal repayments are as follows:

Year Ending March 31,	**1987**	3,011
	1988	3,281
	1989	3,576
	1990	3,898
	1991	4,251
Subsequent to	**1991**	81,912
		99,929

b) The Corporation has established a debt retirement fund to provide for payment of the CMHC debentures. The elements of the fund are included under the appropriate classifications in the Balance Sheet.

Details of the fund are:

Cash and marketable securities	63,108	56,652
Residential mortgages	27,921	35,566
Acquired residential properties	—	24
	91,029	92,242

6. Other Revenues

	1986 ($000's)	1985 (000's)
Deferred gains realized	3,083	2,327
Administration and sundry fees	1,930	1,321
Rent from commercial properties	190	100
Adjustment of mortgage and acquired property allowances	2,139	(490)
	7,342	3,258

7. Interest

Treasurer of Ontario	41,843	49,404
CMHC	9,350	9,580
	51,193	58,984
Capitalized to land inventory	(239)	(340)
	50,954	58,644

8. Other Expenses

Operating expenses of commercial properties	300	264
Depreciation of commercial properties	93	87
Miscellaneous	28	46
	421	397

9. Extraordinary Item

As outlined in the Summary of Significant Accounting Policies, the Corporation revalued certain of its assets and concurrently the Treasurer of Ontario reduced its loan receivable. The net amount of the revaluation absorbed by the Corporation is as follows:

Total Writedown of Assets	266,595
Less: Forgiveness of related long-term debt	219,087
	47,508

10. Mortgage Guarantee Fund

The Corporation maintains a Mortgage Guarantee Fund which was established to satisfy any liability arising out of guarantees given for specific mortgages provided by private sector lenders. The outstanding balance of the mortgages so guaranteed is $8,036,000 (1985 - $11,290,000).

Details of the fund are:

(i) Fund Continuity from Inception		
Fee revenue from borrowers	828	828
Interest income	1,801	1,556
	2,629	2,384
Net gain on guarantee operations	8	7
	2,637	2,391
(ii) Fund Assets		
Cash	122	71
Marketable securities (market value $2,021,000; 1985 - $1,620,000	2,063	1,809
Mortgages receivable	410	511
Due from Ontario Land Corporation	42	—
	2,637	2,391

11. Subsequent Event

It is intended that Ontario Land Corporation will be dissolved by March 31, 1987. Its assets and liabilities will be transferred at no cost to the Ministry of Government Services or such other provincial ministries and agencies as considered appropriate.

12. Comparative Figures

Comparative figures have been reclassified to conform with the March 31, 1986 presentation.

Ontario

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416 965-1381

To the Ontario Land Corporation and
to the Minister of Housing

I have examined the balance sheet of Ontario Land Corporation as at March 31, 1986 and the statements of earnings, contributed surplus, retained earnings and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with the policies described in the Summary of Significant Accounting Policies, applied on a basis consistent with that of the preceding year.

In accordance with section 29 of the Ontario Land Corporation Act, a report on the audit has been made to the Corporation and to the Minister.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 8, 1986

A major initiative of the ministry this year was the announcement by the Hon. Alvin Curling of the "Assured Housing for Ontario" strategy.

The strategy includes reforms to rent review, programs to increase the supply of social and market housing, a plan to stimulate Ontario's building industry and a commitment to make effective use of government lands for housing.

A bill covering major changes to the existing system of rent review was introduced in the Legislature.

Copies of the "Assured Housing for Ontario" brochure are available from the Ministry of Housing, Communications Branch, 777 Bay St., 17th floor, Toronto M5G 2E5.